



Islamic Republic of Afghanistan
Ariana Afghan Airlines
Administrative & Services Directorate
Procurement Department



Request for Expressions of Interest – REOI

(CONSULTING SERVICES – FIRMS SELECTION)

Project for Assurance of AAA Profit Share AUP (2018 – 2020) – JVPA

Assignment Title: Project for Assurance of AAA Profit Share AUP (2018 – 2020) – JVPA

Duration of Assignment: 4 Months

Implementing Agency: Ariana Afghan Airlines – AAA

Budget: Domestic Revenue

Duty Station: Kabul, Afghanistan

Contract Type: Lump Sum

Reference No: AAA/PD/NCB/CS/99/072/QCBS

Date: 18 Nov 2020

1. Brief of the Assignment:

i. Background:

Ariana Afghan Airlines (AAA) is the country's National Carrier founded in 1955, ARIANA is the oldest airline of Afghanistan and has historical credibility in the aviation market.

The company has its main base at Kabul International Airport, from where it provides flights to India, Russia, Saudi Arabia, Turkey, Kuwait, China, and UAE. The carrier is headquartered in Shahr-e-Naw, Kabul, Afghanistan.

Also, we have a JPVA Joint Venture Partnership Agreement with National Aviation Service W.L.L at Kabul, Herat & Kandahar international airport. The performance at airports has been operated by NAS and the Profit share distribute after all expense as Ariana 59% and NAS 41%.

Background of the Audit Assignment: Ariana Afghan Airline has been issued an Agreed Upon Procedure – JVPA for assurance of our profit share form JVPA for the years 2014, 2015 & 2016 by Deloitte audit company and for the year 2017 by BDO audit company.

ii. Objectives of Assignment:

The overall objective of the engagement is to review of status of records which require a thorough review of Balance sheet items and suggesting recommendations to the management for write offs/reversals and adjustments etc. based on compilation of financial statements from source documents as mentioned Agreed – Upon Procedures.

2. Scope of the Services:

Review of financial statements from source data as agreed upon procedure from FY 2018, 2019 & 2020 till end of agreement. AUP engagement to Perform stated audit for procedures regarding financial information (4400). Period to be covered under this AUP would be the financial year 2018, 2019 & 2020 till end of agreement (FY 2018, 2019 & 2020 till end of agreement), and clearance for comments of audit company for prior financial years if any, according to instruction of Ariana Afghan Airlines BoD & BoM agreed, dated September 2018.

Consultant will do the following but shall not be limited to:

SR	AGREED UPON PROCEDURES-JVPA	REFENENCE
01	Review schedule of purchase deposits for the existence of purchase deposits through confirmation with manufacturers or examination of supporting documents (100% verification required) during 2018, 2019& 2020 and responsibility of NAS in terms of investment as per the JVPA.	Best practice
02	To check whether management fee is calculated in compliance with the JVPA agreement and provide reasonable assurance about the cost.	Agreement point 4.3 meeting in Dubai (point 4)
03	Review for the compliance of JVPA conditions and stages of recognition of additional investment of US 2 million by NAS by end of year 6 of the JVPA and identification of funds invested through investment schedule, plus a further investment of US 10 Million throughout the life cycle of the JV agreement.	Agreement point 6 – Article 10.1 (Amendment dated 30 April 2014)
04	To check the eligibility of expenses under JVPA agreement (overall transaction during 2018, 2019 and 2020).	Agreement point 10
05	To obtain the client's revenue of breakage and inquire for any changes to the assumption used in calculation, and to agree breakage amounts to revenue system reports (monthly revenue system would be reviewed)	Agreement point 10.2

06	Review of the revenue recognition and calculations as per JVPA, also review approval of ACAA for the number of flights taken off and landed during the period at the airports.	Agreement point 10.2 , meeting in Dubai (point 7 and additional point 1)
07	To check whether dividends/profit share is calculated and distributed as per the JVPA agreement while considering the level of investment by NAS.	Agreement point 10.3
08	Review of security provided by NAS	Agreement 10.4
09	Review of services provided by NAS under Annex 1 of JVPA.	Agreement 11
10	Review for the rent leveling accounts and to check balances with respect to lease agreement. (100% verification required).	Agreement 13
11	Review of JVPA fixed assets register for net book value and remaining useful life of an asset left and review of approval by ACAA.	Agreement point 13.6 and meeting in Dubai point 3
12	Review the reasonableness of depreciation expense and evaluate the provision for obsolescence. (100% verification required).	Agreement point 13.6
13	Inquired about significant arrangement to defer/cancel equipment deliveries (100% verification required).	Agreement point 13.6
14	Check that equipment is purchased according to the company's procurement policy (100% verification required) including review of sources of funds, and provide reasonable assurance about the company procurement policy.	Agreement points 13.6
15	Review whether assets are recorded in accordance with applicable financial reporting framework (100% verification required)	Agreement points 13.6
16	Onsite physical verification of JVPA assets at airports and review of acquisition of assets (100% verification required)	Agreement points 13.6 and in Dubai meeting point 3
17	Review the reconciliation of the inventory to the general ledger and to investigate unusual reconciling items (monthly reconciliations would be done)	Best of practice.
18	To review the reasonableness of the allowance for obsolesces of consumable parts over the related fleet lives, including evaluating the assumption used to collect this allowance.	Best practice.
19	Review of compliance with the agreement terms.	Agreement point 14
20	Review detail of accident insurance proceed receivable and to agree the overall balance with general ledger (100% verification required and review with related agreement).	Agreement point 21
21	To review medical insurance and workers compensation accrual and identify the reasons for variation with previous year.	Agreement points 21
22	Review of insurance policies and payment of premiums of employees, also review of Ariana approvals regarding these payments.	Agreement points 21
23	Physical verification and inspection of assets constructed and managed by NAS as per JVPA.	Meeting in Dubai point 6
24	Review of the airlines charges schedule.	Meeting in Dubai point 11
25	Busses at the airport (physical verification, cost, useful life & tax calculation).	Meeting in Dubai (additional point 2)
26	Review for the reconciliation reserve if is still shown as part of profitability calculations and review of its disbursements if any.	Meeting in Dubai point 8 & 10.3.3 agreement.
27	Review of bank reconciliation of NAS Afghanistan for FY 2018, 2019 and 2020	Best practice.
28	Verification of employees of JVPA and review of reconciliations of joiners, leavers with the number at the year end and their cross check with payroll and bank statements to ensure the payroll payments are fully traced. Review of their remuneration and requirements as per the agreement.	Agreement point 13.5
29	Review of emergency resource plan of NAS as per agreement terms.	Agreement point 13.8
30	Review of performance reports prepared by NAS against the obligations set out in Annex 4.	Agreement point 20

31	Provide reasonable assurance about the “Cash Airlines” with no prior agreement for GHS with the full breakup and approved flights from ACAA.	Best Practices
32	Review Budget vs Actual Analysis for the FY 2018, 2019 and 2020.	Best Practices
33	Review and provide opinion on internal control over financial reporting for the year 2018, 2019 and 2020.	Best Practices
34	Review the internal control activities and assess the control risk for the year 2018 and 2019 and 2020 Till end of agreement.	Best Practices
35	Review the non-cash expenses of NAS for accumulate depreciation and reserves	As per Afghanistan Law
36	Perform vertical and horizontal analysis in Profit and Loss and Balance Sheet and comment on the performance with regard to the trend both in the JVPA and in the industry.	Best Practices

Framework to be followed for reporting on this assignment:

- International Financial Reporting Standards (IFRS)
- Requirements of Government of Islamic Republic of Afghanistan

3. Qualification Requirements/Short listing Criteria

Ariana Afghan Airlines, now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the services described under paragraph 2 above. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

The short-listing criteria are:

- The Consultant should be registered legal entity and should have been in business for at least the last 5 years in providing Consultancy Services of similar assignments. (The consultant is required to provide the Copy of the Certificate of Incorporation issued by relevant authority in country of establishment).
- The consultant should be in 15 global ranking of audited firms listed by Ministry of Finance, GoIRA.
- The consultant should not be in loss for the last three years 2017, 2018 & 2019. Consultant shall demonstrate having sound financial situation by submitting audited financial reports or any other credible financial documents for last [3] years 2017, 2018 & 2019.
- The consultant shall provide proven experiences of having executed at least one contract of similar nature and complexity during last [5] years, indicating the duration, value, years of performance, which should showcase the expertise/strength of the consultant for the undertaking such assignments. The consultants are required to provide copy of the contract with their EOI. The Consultant while describing the assignment(s) for similar experience should furnish the following details:
 - Consultant should explain in what way the executed assignment(s) was/were similar in nature to the current assignment and also indicating the input of key experts provided for the same
 - The Consultant should explain the exact role played by the Consultant in the assignment if the assignment was carried out in association with other firms as JV or in sub-consultancy for carrying out the assignment.
- Consultant having some regional experience is desirable
- Requirements for Consultants participating as Joint Venture, Consortium or Association:
Consultants may associate with other firms in the form of a joint venture or a sub consultancy to enhance their qualifications. If consultants intend to associate with other firms, they are advised to clearly identify the lead partner and state the composition and nature of their association (JV/ sub-consultant) in their EOI.

In case of association between the firms are in the form of JV, the following requirements will also apply:

- Only the firm meeting not less (40) % of the shortlisting criteria shall act as the Lead Partner of the JV. The lead partner needs to be identified in JV agreement or intention of

forming JV to be submitted with the EoI. Other member(s) of JV need to meeting not less (25) % of the shortlisting criteria. The figures for each of the partners of a JV shall be added together to determine the consultant's compliance with the shortlisting criteria.

- The variance in similarity and complexity could be acceptable.
 - When fulfilling the above minimum requirements, in aggregate, either the lead member and/ or JV partner(s) shall meet at least 100% of the short-listing criteria referred to above.
- g) The consultant is not black-listed by Government of Afghanistan.
- h) Declaration by the Consultant that the consultant does not have any conflict of interest in terms of taking any assistance / support from individual / firm / consultants who have been part of the Project aforementioned consultancy or the procurement process.
- i) Declaration by the Consultant that the information furnished in EoI is correct and for any misrepresentation detected at any stage of selection process or during execution of the resultant contract if successful, the Consultant to be taken up under the Laws of Afghanistan.

4. Legal References

The attention of interested Consultants is drawn to 'Chapter 4 - Process of Request for Proposal' of "Rule of Procurement Procedure" issued by Government of Islamic Republic of Afghanistan. The consultants are also required to maintain high standard ethics throughout the procurement process.

The Consultants' attention is also drawn to Article 16 of Afghanistan Public Procurement Law for compliance. The consultants can download the Public Procurement Law and Procedure from:

www.npa.gov.af

5. Method of Selection

A Consultant will be selected in accordance with the **Quality and Cost Based Selection (QCBS)** set out in Rule 59 of Procurement Procedures.

6. Submission of EOI

Expressions of interest as per Annexure 'A' attached must be delivered in a written form to the address below (in person, by mail, or by e-mail) by **05 December 2020 at 10:00 AM** (Kabul Local Time).

The EOI with all details should, preferably, not exceed 40 pages in total

Further information in respect to this REOI can be obtained at the address below by email or in person during office hours [08:30-03:30 Hours].

For the purpose of clarifications and submission of EOI, the address is as follows:

Attention: Mohammad Saber "Farooqi"

Acting Head of Procurement, Ariana Afghan Airlines

3th Floor, Headquarter of AAA, Shaheed Square, Shar-e-naw, Kabul, Afghanistan

Phone Number: +93(0)783252535

Email: icb.procurement@flyariana.com

Copied to: techsupply@flyariana.com , mgr.procurement@flyariana.com , cao@flyariana.com , pro.customer@flyariana.com

Web site: www.flyariana.com , www.npa.gov.af

The TOR is accessible through direct link: [<https://ageops.net/da/procurement-procedure/announcement/bidding>, <http://www.flyariana.com/Corp/Tenders>]

ANNEXURE 1: FORMAT FOR EXPRESSION OF INTEREST

The expression of interest in English language must be submitted as per the following format: *{Note: In case documents submitted are in any language other than English, the consultant should submit a self-certified copy of the translated document in English (along with originals).}*

SECTION 1: Organization Details (In case the EoI is being submitted as a Joint Venture/SubConsultant, the information has to be submitted for the Lead Partner as well as other members of the Joint Venture separately/Sub-Consultant.)

Part 1: Organisation Detail		
I.	Name of the Organization	
II.	Details of the Organization	<ul style="list-style-type: none">• Address of the Registered Office:• Telephone:• Facsimile:• Website:
III.	Information about Organization	<ul style="list-style-type: none">• Year of Establishment:• Status of the Organization: (Public Ltd./Private Ltd./LLP etc.)
IV.	Name and designation of the person authorized	<ul style="list-style-type: none">• Name• Designation• E-mail• Contact Number
V.	Number of Personnel	<input type="checkbox"/> Total employee strengths on the payroll of the

		<p>company as on (specify the date)</p> <p><input type="checkbox"/> Number of qualified technical personnel on its payroll or panel working in the area of (specify the area)</p>
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Part 2 EOI Respondent firm needs to mention its core business areas and any other relevant details / experience in a descriptive format. EOI Respondent firm needs to mention its Technical and managerial capability for executing the scope of services.

Please provide a response with details in not more than 3 pages

SECTION 2: Documents to be submitted

	Information to be provided	Documentary Evidence to be Provided	Page number as part of Annexure
1	Firm must be registered legal entity. Information on their status as a legal entity and submit relevant supporting documents. (In case of JV, it should be met by the lead Partner but need to be submitted for other JV Members/Sub-consultant also)	Copy Certificate of Incorporation issued by relevant authority in country of establishment	
2	The consultant shall demonstrate having sound financial situation by submitting audited		

Information to be provided		Documentary Evidence to be Provided	Page number as part of Annexure
	financial reports or any other credible financial documents for last [3] years		

3	<p>The Consultant shall provide proven experiences of having executed one contract during last [5] years of similar assignment (comprising of completed or on-going projects) which should showcase the expertise/ strength of the consultant for undertaking such assignments.</p> <p>In case of a JV only the firm meeting not less (40) % of the shortlisting criteria shall act as the Lead Partner of the JV. The lead partner needs to be identified in JV agreement or intention of forming JV to be submitted with the EoI. Other member(s) of JV need to meeting not less (25) % of the shortlisting criteria. The figures for each of the partners of a JV shall be added together to determine the consultant's compliance with the shortlisting criteria.</p> <p>The information in regard to the</p>	<p><i>Details of the experience should be submitted as per format in Section 3 along with the following documents:</i></p> <p>For completed projects :</p> <ol style="list-style-type: none"> 1. Copy of Contract(s) <p>For On-Going projects :</p> <ol style="list-style-type: none"> 1. Copy of Contract 2. Copy of the letter from authorised client representative / Self-Certified declaration by authorized Signatory of the EoI Respondent Entity stating that scope of services completed till date along with payment realised for the project. <p>Please note: <i>The credentials cited under this must have been executed by the EoI Respondent or the JV partner and not its parent/child company</i></p>	
Information to be provided		Documentary Evidence to be Provided	Page number as part of Annexure

	experience also need to be submitted for other JV Members/Subconsultant as separate statements)		
4	The details of the Consultant's regional experience if any.	List the Contracts executed with details such as contract number, the client detail, period of the contract, value of the contract, brief about the assignment etc.	
5	Other relevant documents	<p>i. Declaration that the firm is not black-listed by any Government agencies in Afghanistan</p> <p>ii. Declaration that the consultant does not have any conflict of interest in terms of taking any assistance / support from individual / firm / consultants who have been part of the Project...consultancy or the bid publication process.</p> <p>iii. Declaration by the Consultant that the information furnished in EoI is correct and for any misrepresentation detected at any stage of selection process or during execution of the resultant contract if successful, the Consultant to be taken up under the Law of the Land.</p>	

SECTION 3: Format for furnishing details of Credentials / Past Experiences for projects as at Sl. No. 3 of Section 2. The information need to be furnished as per the Format below for each credential.

The project citation should be a maximum of 2 pages per credential/project along with documents as mentioned under Sl. No. 3 of Section 2 (above). The citation need to be furnished for each credential.

Assignment name:	Country: Location within the country
Name of Client:	Address:

Name of the Legal Entity in whose name the contract is:	Duration of assignment (months):
No. of man month of the assignment:	Start date (Month/year): Completion date (Month/year):
Approx. value of the overall contract USD): (in	Approx. value of the services provided by your firm under the contract (in USD):
Name of associated organizations, if any:	Role of Consortium member:
Narrative description of the Project:	
<p>Detailed Scope of services, coverage of the project:</p> <ul style="list-style-type: none"> <i>Consultant should explain in what way the executed assignment(s) was/were similar in nature to the current assignment and also indicating key experts input for the assignment(s) including their qualifications and experience (CVs of such key staff are not required to be attached)</i> <i>The Consultant should explain the exact role played by the Consultant in the assignment if the assignment was carried out in association with other firms as JV or in sub-consultancy for carrying out the assignment.</i> 	
Relevance of Project to the current scope (i.e. relevant project components in detail)	

Details of the impact of the project for the client:	
Copy of Contract(s)?	YES / NO
Copy of certificate from the client with explicit information to meet the specific requirement of the criteria attached?	YES / NO
Copy of self-certificate with explicit information to meet the specific requirement of the criteria attached?	YES / NO